

# **Short-Term Disability Insurance (STD)**

**FY08**

## **Summary Plan Description**

State of Colorado  
Employee Benefits  
Department of Personnel and Administration

Short-Term Disability Insurance Plan  
Administered by Standard Insurance Company

## **SHORT TERM DISABILITY INSURANCE**

The following information is only a summary of the Group Short Term Disability Insurance program. The controlling provisions of the Short Term Disability Insurance program are in the master group insurance policy, and neither this description nor the Certificate may modify those provisions or the insurance in any way.

### **GENERAL SUMMARY OF BENEFITS**

Weekly STD Benefit:

60% of the first \$3,850 of your Predisability Earnings, reduced by Deductible Income.

Maximum:

\$2,310 before reduction by Deductible Income.

Benefit Waiting Period:

30 days. No STD Benefits are payable during the Benefit Waiting Period.

Maximum Benefit Period:

180 days minus the length of your Benefit Waiting Period.

The Benefit Waiting Period will not accrue during any period when you are on a scheduled cycle of non-work under the terms of your employment.

If you are Disabled for less than one full week after the Benefit Waiting Period, we will pay one-seventh of the STD Benefit for each day of Disability after the Benefit Waiting Period.

Summer Benefits for Part Year Employees:

If you are a Part Year Member scheduled to work for your Employer during your scheduled cycle of non-work, you will receive a lump sum benefit equal to 60% of your Off Season Work earnings lost due to a Disability after serving the Benefit Waiting Period.

Off Season Work: Your scheduled work for your Employer during your scheduled cycle of non-work provided your work schedule was approved by your Employer before you became disabled.

This benefit will be paid in a lump sum to you at the end of your Off Season Work period.

### **ELIGIBILITY INFORMATION**

You are an eligible employee if your salary is paid by state funds and you are:

1. An officer or employee under the state personnel system of the State of Colorado; or
2. An employee of the Department of Education, Colorado Commission on Higher Education, Colorado School for the Deaf and the Blind, Legislative Branch, Judicial Branch, Office of the Governor, Governor's Job Training Office, Attorney General's Office, Historical Society, Office of State Planning and Budgeting, Lieutenant Governor's Office, or Economic Development Office.

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You are not an eligible employee if you are:

1. A judge, legislator or session employee;
2. A temporary employee; or
3. A full-time member of the armed forces of any country.

## **HOW THE PLAN WORKS**

If you become Disabled while insured under the Group Policy, we will pay an STD Benefit for each week you are Disabled and qualify for STD Benefits according to the terms of the Group Policy.

## **COMMONLY ASKED QUESTIONS**

### **How is Disability Defined?**

You are Disabled if you meet one of the following definitions.

1. Definition Of Disability

You are Disabled if, as a result of Sickness, Injury or Pregnancy, you are unable to perform with reasonable continuity the material duties of your own occupation.

2. Definition Of Partial Disability

You are Partially Disabled if you are working for your Employer but, as a result of Sickness, Injury or Pregnancy, are unable to earn more than 50% of your Predisability Earnings. One half of your Work Earnings will be Deductible Income.

### **What Happens If I Return to Work?**

There is a Return To Work Incentive to encourage you to return to work.

1. During the Benefit Waiting Period

You may serve your Benefit Waiting Period while working for your Employer if you meet either the Definition of Disability or the Definition of Partial Disability.

2. After the Benefit Waiting Period

You are eligible for the Return To Work Incentive on the first day you work for your Employer after the Benefit Waiting Period if STD Benefits are payable on that date.

One half of your Work Earnings will be Deductible Income.

Work Earnings means your gross weekly earnings from work you perform for your Employer while Disabled.

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Note: There are important differences between your Predisability Earnings and your Work Earnings:

Your Predisability Earnings are your earnings in effect on your last full day of Active Work **before** you become Disabled. Your Predisability Earnings are used to determine the amount of your benefit, whether you meet the Definition of Partial Disability and your Work Earnings Limit.

Your Work Earnings are your gross weekly earnings from work you perform for your Employer **while** you are Disabled. One-half of your Work Earnings will be considered Deductible Income to reduce the amount of your STD Benefit.

If you receive any pay increases (e.g., due to salary adjustments on July 1) while you are Disabled and you return to work part time at the new salary rate, your new salary rate will be used to calculate your Work Earnings. If the new Work Earnings exceed 50% of your Predisability Earnings (the Work Earnings Limit), you no longer will be considered Disabled and your STD Benefits will end. (See graph below for example)

	<b>Predisability Earnings</b>	<b>Salary Adjustment Earning</b>
Gross Monthly Pay	\$1,000	\$1,200
Work Earnings	\$ 500	\$ 600
Work Earnings Limit	\$ 500	\$ 500

In the above example, the new Work Earnings of \$600 exceeds the Work Earnings Limit of \$500 and the employee is no longer considered Disabled, so STD Benefits will end.

### **What If I Temporarily Recover?**

You may temporarily recover from your Disability, and then become Disabled again from the same cause or causes, without having to serve a new Benefit Waiting Period. Temporary Recovery means you cease to be Disabled for no longer than the applicable Allowable Period.

Allowable Periods:

1. During the Benefit Waiting Period: a total of 14 days of recovery.
2. During the Maximum Benefit Period: 14 days for each period of recovery.

### **When Do STD Benefits End?**

Your STD Benefits end automatically on the earlier of 1 through 6 below.

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.
3. The date you die.
4. The date you begin working for an employer other than your Employer, or become self-employed.
5. The date LTD Benefits become payable under a group policy issued by us.
6. The date your Work Earnings exceed 50% of your Predisability Earnings.

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### **What are My Predisability Earnings?**

Predisability Earnings means your weekly rate of earnings from your Employer in effect on your last full day of Active Work, including:

1. Contributions you make through a salary reduction agreement with your Employer to:
  - a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), or 457 deferred compensation arrangement; or
  - b. An executive nonqualified deferred compensation arrangement.
2. Incentive Pay (e.g. Performance Pay), matching pay differentials and temporary pay differentials paid under Discretionary Pay Differentials averaged over the preceding 12 calendar months, or over the period of your employment if less than the Earnings Period.
3. Shift differential pay averaged over the current calendar year and the preceding calendar year (or over your period of employment if you have not been employed for a full calendar year).
4. Your contributions to PERA.
5. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Predisability Earnings do not include:

1. Bonuses.
2. Overtime pay.
3. Your Employer's contributions to any deferred compensation arrangement or pension plan (including PERA).
4. Any other extra compensation.

For Employees not regularly scheduled to work at least 40 hours each week: Predisability Earnings are your average weekly earnings during the current and preceding calendar years (or during your period of employment if you have not been employed for a full calendar year).

For all other Employees: Predisability Earnings are based on your earnings in effect on your last full day of Active Work. However, if you are a Part-Year Employee, and you continue to receive pay during a scheduled period of non-work for work performed during your last work cycle, Predisability Earnings will be calculated as if you were paid only during the period you were actually at work.

### **What is Deductible Income?**

Deductible Income means:

1. Annual leave pay received after STD Benefits become payable, excluding amounts paid upon termination of employment. One full day of STD Benefits will not be paid for each full day of annual leave pay received.

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2. Your earnings from work you perform while Disabled. (See "What Happens If I Return To Work?")
3. Any amount you receive or are eligible to receive because of your disability under any workers' compensation law or similar law, including amounts for partial or total disability, whether permanent, temporary, or vocational.
4. Any primary benefits you receive or are eligible to receive because of your disability under the Federal Social Security Act. Dependents benefits are not Deductible Income.
5. Any amount you receive or are eligible to receive because of your disability under any state disability income benefit law or similar law.
6. Any disability or retirement benefits you receive or are eligible to receive under your Employer's retirement plan, including a public employee retirement system, a state teacher retirement system, and a plan arranged and maintained by a union or employee association for the benefit of its members (such as the Colorado Association of Public Employees).

If any of these plans has two or more payment options, the option which comes closest to providing you a monthly income for life with no survivors benefit will be Deductible Income, even if you choose a different option.

7. Any benefits you receive because of your disability under the Colorado Auto Accident Reparations Act (No-Fault).
8. Any amount you receive by compromise, settlement, or other method as a result of a claim for any of the above, whether disputed or undisputed.

### **What Conditions Are Not Covered?**

1. War

You are not covered for a Disability caused or contributed to by War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.

2. Intentionally Self-Inflicted Injury

You are not covered for a Disability caused or contributed to by an intentionally self-inflicted injury, while sane or insane.

### **Are There Other Limitations?**

1. Care of A Physician

You must be under the ongoing care of a Physician during the Benefit Waiting Period. No STD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician.

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### **2. Paid Sick Leave**

No STD Benefits will be paid for any period when you are receiving paid sick leave from your Employer.

### **3. Working**

No STD Benefits will be paid for any period when you are working for wage or profit for any employer other than your Employer, or when you are self-employed.

### **4. Scheduled Absence From Work**

No STD Benefits will be paid for any period when you are on a scheduled cycle of non-work under the terms of your employment.

### **5. 150 Day Limit**

No STD Benefits will be paid for more than 150 days of Disability during any 12-month period.

### **6. Leave Benefits**

No STD benefits will be paid for any period during which you are eligible to receive injury leave or sick leave and any period during which you receive annual leave.

## **How Do I File A Claim?**

### **1. Filing A Claim**

Claims should be filed on our forms. If you do not receive our forms within 15 days after you ask for them, you may submit your claim in a letter to us. The letter should include the date disability began, and the cause and nature of the disability.

### **2. Time Limits On Filing Proof Of Loss**

You must give us Proof Of Loss within 90 days after the end of the Benefit Waiting Period. If you cannot do so, you must give it to us as soon as reasonably possible, but not later than one year after that 90-day period. If Proof Of Loss is filed outside these time limits, your claim will be denied. These limits will not apply while you lack legal capacity.

### **3. Proof Of Loss**

Proof Of Loss means written proof that you are Disabled and entitled to STD Benefits. Proof Of Loss must be provided at your expense.

### **4. Documentation**

At your expense, you must submit completed claims statements, your signed authorization for us to obtain information, and any other items we may reasonably require in support of your claim. If you do not provide the documentation within 60 days after we mail you our request, your claim may be denied.

### **5. Investigation Of Claim**

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We may investigate your claim at any time.

At our expense, we may have you examined at reasonable intervals by specialists of our choice. We may deny or suspend STD Benefits if you fail to attend an examination or cooperate with the examiner.

### **6. Time Of Payment**

We will pay STD Benefits within 60 days after you satisfy Proof Of Loss.

STD Benefits will be paid to you at the end of each week you qualify for them. STD Benefits remaining unpaid at your death will be paid to your estate.

### **7. Overpayment of Claim**

We will notify you of the amount of any overpayment of your claim under any group disability insurance policy issued by us. You must immediately repay us. You will not receive any STD benefits until we have been repaid in full. In the meantime, any STD benefits paid will be applied to reduce the amount of the overpayment. We may charge you interest at the legal rate for any overpayment which is not repaid within 30 days after we first mail you notice of the amount of the overpayment.

### **8. Notice Of Decision On Claim**

You will receive a written decision on your claim within a reasonable time after we receive your claim.

If you do not receive our decision within 90 days after we receive your claim, you will have an immediate right to request a review as if your claim had been denied.

If we deny any part of your claim, you will receive a written notice of denial containing:

- a. The reasons for our decision;
- b. Reference to the parts of the Group Policy on which our decision is based;
- c. A description of any additional information needed to support your claim; and
- d. Information concerning your right to a review of our decision.

## **What If My Claim Is Denied?**

You may request in writing a review of a denial of all or part of your claim within 60 days after you receive notice of the denial.

When you request a review, you may send us written comments or other items to support your claim. You may review any non-privileged information that relates to your request for review.

We will review your claim promptly after we receive your request. We will send you a notice of our decision within 60 days after we receive your request, or within 120 days if special circumstances require an extension. We will state the reasons for our decision and refer you to the relevant parts of the Group Policy.

## **When Does My Insurance Become Effective?**

Subject to Active Work Provisions, your insurance becomes effective on the date you become eligible.



## **What Are The Active Work Provisions?**

### **1. Active Work Requirement**

If you are incapable of Active Work because of Sickness, Injury or Pregnancy on the day before the scheduled effective date of your insurance, your insurance will not become effective until the day after you complete one full day of Active Work as an eligible employee.

Active Work and Actively at Work mean performing the material duties of your own occupation at your Employer's usual place of business.

You will also meet the Active Work requirement if:

- a. You were absent from Active Work because of a regularly scheduled day off, holiday, or vacation day;
- b. You were Actively at Work on your last scheduled work day before the date of your absence; and
- c. You were capable of Active Work on the day before the scheduled effective date of your insurance.

### **2. Changes In Insurance**

This Active Work requirement also applies to any increase in your insurance. However, if you return to Active Work during a period of Disability or Temporary Recovery, you will not qualify for any change in insurance caused by a change in the rate of earnings used to determine your Predisability Earnings or by a change in the terms of the group policy.

## **When Does My Insurance End?**

Your insurance ends automatically on the earliest of:

1. The date the Group Policy terminates.
2. The date your employment terminates.
3. The date you cease to be an eligible employee. However, if you cease to be an eligible employee because you are not working the required minimum number of hours, your insurance will be continued during the following periods, unless it ends under 1 and 2 above.
  - a. While your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be an eligible employee.
  - b. During the Benefit Waiting Period and while STD Benefits are payable.
  - c. During a leave of absence if continuation of your insurance under the Group Policy is required by the state-mandated family or medical leave act or law.
  - d. During any other leave of absence approved by your Employer in advance and in writing and scheduled to last 30 days or less.

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### **Definitions**

**Benefit Waiting Period** means the period you must be continuously Disabled before STD Benefits become payable.

**Employer** means the State of Colorado.

**Group Policy** means the group STD insurance policy issued by us to the Policyowner.

**Injury** means an injury to your body.

**STD Benefit** means the weekly benefit payable to you under the terms of the Group Policy.

**STD Insurance** means your short-term disability insurance under the Group Policy.

**Maximum Benefit Period** means the longest period for which STD Benefits are payable for any one period of continuous Disability, whether from one or more causes. It begins at the end of the Benefit Waiting Period. No STD Benefits are payable after the end of the Maximum Benefit Period, even if you are still Disabled.

**Physician** means a licensed medical professional, other than yourself, diagnosing and treating you within the scope of the license.

**Pregnancy** means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

**Sickness** means your sickness, illness, or disease, or a disability caused by elective surgery.

**We, us, and our** mean Standard Insurance Company.

**You and your** mean the eligible employee.